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## State Revenue Changes from 2008 to 2009

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As the economic recession continued through fiscal year 2009, state tax revenues fell significantly, with only five states collecting more in 2009 than they had in 2008. Among the 45 states that collected less in 2009, many saw declines of more than 10 percent--all this despite the many tax hikes that states enacted. In addition to presenting new Census data for 2009 and comparing it to 2008, we take a look back at the last decade, examining tax revenue by type to identify the sources of tax volatility.

**Table 1**  
**Percent Change in State-Level Tax Revenue from 2008 to 2009**

State	Total Tax Revenue	Ranking		State	Total Tax Revenue	Ranking
United States	- 8.9	-		Montana	- 2.1	12
Alabama	- 8.8	29		Nebraska	- 5.5	19
Alaska	- 51.9	50		Nevada	- 9.4	34
Arizona	- 19.7	49		New Hampshire	- 5.7	20
Arkansas	- 0.8	7		New Jersey	- 11.9	41
California	- 15.0	46		New Mexico	- 15.1	47
Colorado	- 10.3	36		New York	- 0.5	6
Connecticut	- 12.1	43		North Carolina	- 10.6	37
Delaware	- 4.4	17		North Dakota	+ 4.3	2
Florida	- 11.5	38		Ohio	- 8.7	28
Georgia	- 11.7	39		Oklahoma	- 2.1	11
Hawaii	- 8.8	30		Oregon	+ 1.9	3
Idaho	- 14.1	45		Pennsylvania	- 6.6	24
Illinois	- 8.6	27		Rhode Island	- 6.6	23
Indiana	- 1.4	8		South Carolina	- 16.8	48
Iowa	+ 1.3	4		South Dakota	+ 0.9	5
Kansas	- 6.7	25		Tennessee	- 10.0	35
Kentucky	- 3.0	13		Texas	- 9.1	32

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Louisiana	− 9.4	33		Utah	− 11.9	42
Maine	− 8.2	26		Vermont	− 1.5	9
Maryland	− 3.8	14		Virginia	− 12.8	44
Massachusetts	− 11.7	40		Washington	− 9.0	31
Michigan	− 5.1	18		West Virginia	− 1.9	10
Minnesota	− 6.5	22		Wisconsin	− 4.0	16
Mississippi	− 3.9	15		Wyoming	+ 13.9	1
Missouri	− 5.8	21				
Source: Data from U.S. Census Bureau						

As Table 1 indicates, revenue increased in five states: Iowa, North Dakota, Oregon, South Dakota and Wyoming. The states with the largest percentage declines were Alaska, Arizona, South Carolina, New Mexico, and California. Sixteen states saw double-digit decreases. It should be emphasized that all local revenues, most notably real estate taxes, are excluded from this presentation.

<b>Table 2</b>					
<b>Percentage Change in Tax Revenue by Type of Tax</b>					
	State-Level Property Tax*	Individual Income Tax	Corporate Income Tax	General Sales Tax	Selective Sales Tax
United States	+ 3.6	– 12.5	– 23.1	– 5.5	– 2.7
Alabama	+ 4.8	– 14.5	– 6.1	– 10.0	– 0.6
Alaska	+ 30.8	n.a.	– 43.3	n.a.	– 13.5
Arizona	– 7.7	– 53.9	– 27.9	– 12.5	+ 0.1
Arkansas	+ 7.2	– 4.6	+ 1.1	– 1.5	+ 1.5
California	+ 2.4	– 22.8	– 21.6	– 9.8	– 5.6
Colorado	n.a.	– 14.0	– 42.6	– 8.5	– 2.6
Connecticut	n.a.	– 16.2	– 30.6	– 7.5	– 6.0
Delaware	n.a.	– 10.0	– 38.7	n.a.	– 2.1
Florida	– 89.7	n.a.	– 18.4	– 11.2	– 1.7
Georgia	+ 1.0	– 12.5	– 30.3	– 8.8	– 11.0
Hawaii	n.a.	– 14.3	– 29.0	– 6.2	– 2.8
Idaho	n.a.	– 20.1	– 28.9	– 11.1	– 7.3
Illinois	+ 7.7	– 11.7	– 12.4	– 6.0	– 7.2
Indiana	+ 4.5	– 11.4	– 8.1	+ 7.8	– 0.2
Iowa	n.a.	– 5.2	– 27.1	17.8	– 4.5
Kansas	+ 1.4	– 7.5	– 35.0	– 1.7	– 1.1
Kentucky	+ 2.0	– 4.9	– 31.2	– 0.6	– 2.0
Louisiana	+ 31.9	– 7.5	– 13.8	– 15.4	– 1.3
Maine	+ 11.2	– 13.1	– 25.3	– 4.7	– 2.6
Maryland	+ 8.8	– 6.9	+ 1.8	+ 2.7	– 9.0
Massachusetts	– 24.6	– 16.4	– 19.7	– 5.5	+ 3.1
Michigan	+ 3.3	– 17.5	– 93.0	+ 14.1	– 4.2

Minnesota	+ 0.1	– 11.3	– 28.7	– 3.9	+ 3.6
Mississippi	– 1.0	– 4.3	– 17.0	– 3.5	+ 1.6
Missouri	+ 3.6	– 7.0	– 31.8	– 6.3	+ 1.7
Montana	+ 6.5	– 5.1	+ 1.6	n.a.	– 2.8
Nebraska	– 14.2	– 7.5	– 16.0	– 2.0	+ 1.9
Nevada	+ 5.8	n.a.	n.a.	– 13.7	– 11.2
New Hampshire	+ 1.3	– 18.3	– 21.9	n.a.	+ 4.5
New Jersey	– 22.0	– 16.7	– 16.2	– 8.5	– 1.9
New Mexico	+ 12.1	– 26.2	– 54.1	– 3.3	– 16.3
New York	n.a.	+ 0.8	– 12.9	– 2.0	+ 3.4
North Carolina	n.a.	– 13.9	– 28.9	– 6.0	– 5.4
North Dakota	+ 2.1	+ 15.4	– 22.2	+ 13.6	– 2.0
Ohio	n.a.	– 16.8	– 36.6	– 7.1	– 1.2
Oklahoma	n.a.	– 9.1	– 4.9	+ 3.1	+ 6.0
Oregon	+ 2.5	+ 9.0	– 59.3	n.a.	– 2.1
Pennsylvania	– 5.5	– 8.6	– 22.9	– 4.3	2.6
Rhode Island	+ 39.6	– 12.7	– 29.4	– 3.9	+ 6.3
South Carolina	+ 0.6	– 34.7	– 37.4	– 4.7	– 5.0
South Dakota	n.a.	n.a.	– 35.6	3.2	– 3.8
Tennessee	n.a.	– 27.0	– 20.8	– 7.2	– 7.9
Texas	n.a.	n.a.	n.a.	– 3.0	– 10.7
Utah	n.a.	– 11.1	– 46.4	– 11.9	– 3.9
Vermont	+ 11.8	– 15.6	+ 2.3	– 5.4	– 3.0
Virginia	+ 34.5	– 12.6	– 21.6	– 8.1	– 13.3
Washington	+ 2.5	n.a.	n.a.	– 12.2	+ 0.6
West Virginia	+ 5.1	2.5	– 24.7	0.0	– 3.5
Wisconsin	+ 7.3	– 6.5	– 31.3	– 4.3	+ 20.5
Wyoming	+ 3.0	n.a.	n.a.	+ 0.9	– 3.1
* In most states this refers to personal property such as cars and boats, although some states do tax real estate.					
Source: Data from U.S. Census Bureau					

Table 2 breaks down total tax revenue into its five major components. Among them, property tax revenue (mostly on cars and boats at the state level) was the only area where collections increased nominally nationwide. Corporate income taxes took the largest declines, down 23.1%.

Stable revenue is an important goal for state tax policy, and the year-to-year percentage change by source can give us a rough idea of the volatility of certain taxes. Table 3 illustrates the higher volatility associated with taxation of income, both corporate and individual. Corporate income has by far the greatest amount of volatility. Sales taxes tend to be more stable, although many states have made their sales taxes more volatile by excluding groceries and other large areas of consumer goods and services.

Although state tax revenue decreased significantly during fiscal year 2009, the decrease is almost exactly matched by earlier years of major increases. Over the last decade, adjusting for inflation, state tax revenues have increased by 6.1 percent. When controlling for population, tax revenues are down about one percent.

**Table 3**  
**Year-to-Year Changes in State Tax Revenue as a Percentage of Previous Year**  
**Fiscal Years 2000 – 2009 (in real terms)**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total	+ 4.3	+ 0.9	– 6.0	+ 0.3	+ 4.9	+ 6.1	+ 6.4	+ 2.8	– 0.7	– 8.5
Property	– 9.1	– 8.1	– 8.8	+ 5.4	+ 6.1	– 4.1	+ 4.8	– 0.1	– 3.3	+ 4.1
General Sales	+ 2.6	0.0	– 1.4	+ 0.5	+ 4.3	+ 4.0	+ 4.4	+ 0.9	– 2.7	– 5.0
Selective Sales	+ 0.2	– 1.5	+ 3.4	+ 5.3	+ 4.0	+ 1.1	+ 5.1	+ 2.7	– 1.2	– 2.3
Individual Income	+ 8.6	+ 3.9	– 13.0	– 4.3	+ 5.3	+ 8.5	+ 7.1	+ 5.1	0.9	– 12.1
Corporation Income	+ 2.2	– 5.4	– 24.7	+ 9.9	+ 3.7	+ 21.3	+ 17.2	+ 8.0	– 8.0	– 22.6

Source: Data from U.S. Census Bureau and Bureau of Labor Statistics